

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

A 2803449
C39
COP 2

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
March 1966

Volume 10

Number 8

Released Pursuant to \$1090.27(j) and \$1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

NEW DAIRY SUPPORT PRICES

On March 31, the U. S. Department of Agriculture announced dairy support prices for the new marketing year (April 1966 - March 1967). The new support prices are \$3.50 per hundredweight for manufacturing milk at the average U. S. butterfat test of 3.73 percent and 61.6 cents per pound of butterfat. The new manufacturing milk price reflects 78 percent parity equivalent and the butterfat price 75 percent of parity. The new support level is 26 cents a hundredweight above the 1965 level. Purchase prices per pound for butter and powder are up 2 cents and for cheese up 3.2 cents.

At the same time the higher support prices for manufacturing milk were announced, the Department announced the decision on the regional hearings held in March to consider the appropriate level of Class I (fluid milk) prices to be effective during the next several months in all Federal milk marketing order areas. This action, effective April 10, will generally peg fluid milk prices about 22 cents per hundredweight higher through June in most markets (July in some) using seasonal Class I price differentials. In the markets not using seasonal price differentials, including Chattanooga, the minimum Class I prices for May and June 1966 cannot be lower than the April 1966 Class I price.

MARKET SUMMARY - MARCH 1966

The Order MINIMUM uniform producer prices per cwt. f.o.b. Chattanooga Area pool plants for milk testing 3.5% are: Base Milk \$5.00, Excess Milk \$3.04. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5 percent.

During March 81.2% of the total producer milk was priced in Class I at \$5.33 per cwt. with a butterfat differential of 8.0 cents and 18.8% priced in Class II at \$3.08 per cwt. with a butterfat differential of 7.3 cents. The daily average use of Gross Class I decreased 3.5% compared with February 1966 and increased 6.6% compared with March 1965.

The daily average producer deliveries was 637,348 pounds in March 1966, an increase of 20,649 pounds per day compared with February 1966 and an increase of 46,903 pounds compared with March 1965. Percentage-wise, March deliveries increased 3.3% compared with February 1966 and increased 7.9% compared with March 1965. Base milk was 94.2% and excess milk was 5.8% of the total producer deliveries. All excess milk and 13.8% of base milk was priced in Class II and 86.2% of base milk was priced in Class I.

LABORATORY ACTIVITIES - Producer Fresh Milk Tests 5,687 - Handler Products 249. During March an average of 8.6 samples per producer was used to determine butterfat content and pay test. Other samples were used by the plants and various agencies to determine water, bacteria, solids-not-fat, antibiotics, etc.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Mar. '66 Over Mar. '65	Mar. 1966	Feb. 1966	Mar. 1965
Number of Plants (Pool and Non-Pool)		11	11	12
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk - Base	+ 8.7	600,154	-	552,135
- Excess	- 2.9	37,194	-	38,310
- Total	+ 7.9	637,348	616,699	590,445
Other Source	+ 58.7	24,219	21,095	15,257
Other Federal Orders	- 54.1	9,519	11,003	20,735
Total Milk Receipts	+ 7.1	671,086	648,797	626,437
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 2.0	421,697	419,487	413,279
Fluid Skim	+ 38.3	28,278	28,124	20,442
Buttermilk	- 0.4	42,999	43,250	43,151
Flavored Milk and Drink	+ 22.0	13,557	12,788	11,112
Fluid Cream (Sweet and Sour)	+ 17.8	3,104	2,976	2,634
Other (Shrinkage, Inventory, etc.)		973	3,310	2,023
Transfers to Non-Pool Plants		16,239	36,097	1,642
Total Class I Milk	+ 6.6	526,847	546,032	494,283
Class II Uses:				
Ice Cream Mixes		48,225	32,665	40,396
Cottage Cheese		29,288	22,203	20,874
Powdered and Condensed Milk		33,206	21,544	13,022
Livestock Feed and Skim Dumped		6,479	6,279	5,297
Shrinkage Class II		10,488	9,934	10,913
Other (Butter, Inventory, etc.)		5,327	(1,227)	(2,918)
Transfers to Non-Pool Plants		11,226	11,367	44,570
Total Class II Milk	+ 9.1	144,239	102,765	132,154
Class I Pounds in Marketing Area	+ 1.1	312,007	314,574	308,522
Class I Pounds Outside Marketing Area	+ 15.7	214,840	231,458	185,761
Gross Class I Butterfat Pounds	+ 6.8	18,914	19,904	17,709
Gross Class II Butterfat Pounds	- 4.7	7,377	6,609	7,737
Total Butterfat Pounds	+ 3.3	26,291	26,513	25,446
% Producer Milk of Gross Class I		121.0	112.9	119.5
% Producer Milk Priced in Class I		81.2	86.7	81.8

APRIL 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Apr. '66	Mar. '66	Apr. '65
Basic Formula	\$3.68	\$3.58	\$3.22
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.02	0.00	0.00
Class I Price, 3.5% Butterfat	\$5.45	\$5.33	\$4.97
Per \$1090.51(a)			

Supply-Demand Comparison: 1st and 2nd preceding months: February and March
 Supply: Lbs. Producer Milk (Feb. 17,267,566 and Mar. 19,757,780) 37,025,346
 Demand: Lbs. Net Class I Milk (Feb. 15,195,757 and Mar. 16,232,314) 31,428,071
 Utilization Percentage: Producer milk divided by Class I 118
 Standard Utilization Percentage: Range 119-123 119
 Net Deviation Percentage: Utilization minus Standard Utilization minus 1
 Supply-Demand Adjustment: 2 cents x 1 percentage point plus \$0.02

Since the supply in relation to the demand is less than the desired standard, the price is increased 2 cents per hundredweight (2 cents x 1 percentage point).

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

Page 3

MARCH 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		16,332,251	3.590		
Less Other Source		286,396	2.822		
Producer Milk Class I	81.2	16,045,855	3.603784	\$5.413027	\$ 868,566.46
Gross Class II		4,471,411	5.114		
Less Other Source		759,486	0.747		
Producer Milk Class II	18.8	3,711,925	6.007611	4.910556	182,276.16
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	19,757,780	4.055395		\$1,050,842.62
Add Fractional Adjustment					.03
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		77,142			3,055.69
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,648.65
TOTAL VALUE AT TEST		19,834,922	\$4.046580	5.356951	\$1,062,546.99
Less Test over 3.5% @ 7.8¢ per point		19,834,922	0.546580	0.426332	84,562.62
TOTAL UTILIZATION VALUE AT 3.5%		19,834,922	3.5	\$4.930619	\$ 977,984.37
Less Reserve Per \$1090.71(f)		19,834,922		.040619	
WEIGHTED AVERAGE PRICE - 3.5% TEST		19,834,922	3.5	\$4.89	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		77,142	3.5	\$4.89	3,772.24
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		19,757,780	3.5		\$ 974,212.13
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,153,005	\$3.08	\$35,512.55	
Total Value of Excess Milk		1,153,005	3.08	35,512.55	
Less Prod.-Settlement Fund Reserve @ 4¢		1,153,005	.04		461.20
UNIFORM EXCESS PRICE - 3.5% TEST		1,153,005	\$3.04		\$ 35,051.35
Total Value of Base Milk		18,604,775	5.045477		938,699.58
Less Producer-Settlement Fund Reserve		18,604,775	.045477		8,460.89
UNIFORM BASE PRICE - 3.5% TEST		18,604,775	\$5.00		\$ 930,238.69

MARCH 1966 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANT
BUTTERFAT DIFFERENTIAL 7.8¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$4.61	\$2.65	4.0	\$5.39	\$3.43	5.0	\$6.17	\$4.21
3.05	4.649	2.689	4.05	5.429	3.469	5.05	6.209	4.249
3.1	4.688	2.728	4.1	5.468	3.508	5.1	6.248	4.288
3.15	4.727	2.767	4.15	5.507	3.547	5.15	6.287	4.327
3.2	4.766	2.806	4.2	5.546	3.586	5.2	6.326	4.366
3.25	4.805	2.845	4.25	5.585	3.625	5.25	6.365	4.405
3.3	4.844	2.884	4.3	5.624	3.664	5.3	6.404	4.444
3.35	4.883	2.923	4.35	5.663	3.703	5.35	6.443	4.483
3.4	4.922	2.962	4.4	5.702	3.742	5.4	6.482	4.522
3.45	4.961	3.001	4.45	5.741	3.781	5.45	6.521	4.561
3.5	5.00	3.04	4.5	5.78	3.82	5.5	6.56	4.60
3.55	5.039	3.079	4.55	5.819	3.859	5.55	6.599	4.639
3.6	5.078	3.118	4.6	5.858	3.898	5.6	6.638	4.678
3.65	5.117	3.157	4.65	5.897	3.937	5.65	6.677	4.717
3.7	5.156	3.196	4.7	5.936	3.976	5.7	6.716	4.756
3.75	5.195	3.235	4.75	5.975	4.015	5.75	6.755	4.795
3.8	5.234	3.274	4.8	6.014	4.054	5.8	6.794	4.834
3.85	5.273	3.313	4.85	6.053	4.093	5.85	6.833	4.873
3.9	5.312	3.352	4.9	6.092	4.132	5.9	6.872	4.912
3.95	5.351	3.391	4.95	6.131	4.171	5.95	6.911	4.951

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Mar.'65	\$4.54 ^{2/}	\$4.67	\$2.73	7.2¢	\$4.97	7.5¢	\$2.77	6.7¢
Apr.	4.41 ^{2/}	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 ^{2/}	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	4.34 ^{2/}	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 ^{2/}	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan.'66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	4.89 ^{2/}	5.00	3.04	7.8	5.33	8.0	3.08	7.3
Apr.	-	-	-	-	5.45	8.2	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk \$-cwt-3.5%
	4 Tenn.	Butter	4 Tenn. Milk Mfg.	Chi.92° Butter	Chi.Area Powder	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	
Mar.'65	2.77	3.12	3.106	57.99	14.25	3.22
Apr.	2.73	3.17	3.069	58.97	14.22	3.23
May	2.68	3.17	3.025	58.97	14.28	3.22
June	2.66	3.17	3.000	58.97	14.21	3.20
July	2.66	3.17	3.000	59.00	14.24	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25
Sept.	2.72	3.30	3.081	62.22	14.21	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34
Nov.	2.83	3.35	3.194	63.27	14.42	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47
Jan.'66	3.01	3.22	3.350	59.33	14.54	3.47
Feb.	3.01	3.32	3.363	61.80	14.59	3.58
Mar.	3.08	3.39	3.450	63.40	14.81	3.68

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Mar. '65	12	626,437	494,283	483,039	590,445	552,135	673	877	820	57	4.17
Apr.	12	697,927	497,275	486,698	642,007	569,531	667	963	854	109	4.02
May	12	692,923	474,496	464,947	634,015	559,591	668	949	838	111	3.92
June	12	666,977	448,404	435,985	604,907	541,251	665	910	814	96	3.91
July	11	645,694	472,016	459,130	595,853	531,033	663	899	801	98	3.89
Aug.	11	656,906	474,674	463,031	611,907	-	661	926	-	-	3.87
Sept.	11	693,671	572,696	560,352	655,522	-	661	992	-	-	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	-	-	4.14
Nov.	11	661,931	567,822	562,847	637,400	-	667	956	-	-	4.20
Dec.	11	660,110	507,814	502,279	635,256	-	666	954	-	-	4.23
Jan. '66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I